Virginia Department of Rail and Public Transportation
The Smartest Distance Between Two Points

Rail Enhancement Fund
Project Application Form

Internal Use
2010011
DRPT Tracking #

Date: January 29, 2009

A. Name of Applicant (Name and Address)

Port of Richmond Commission

5000 Deepwater Terminal Road

Richmond, VA 23234

Applicant type:
__ Passenger Railroad
x_ Freight Railroad
__ Locality
__ Business
__ Other _____

B. Contact Information:

Responsible Person/Title: M. David McNeel, Executive Director, Port of Richmond

Telephone: 804.646.2020 Fax: 804.271.1524 Email: david.mcneel@richmondgov.com

Project Manager/Title: Same as Responsible person

C. Project Title: Deepwater Terminal Railroad Freight Improvement Project

D. Project Location: (City/County, Rail line, Railroad Mile Post, attach map)

City of Richmond – extending Deepwater Terminal Railroad (DWT RR) from Goode Street, along the eastern side of I-95, to connect with Rocketts Spur at Brander Street

E. Owner of Property/Right-of-Way/Facility/Personal Property: City of Richmond and Norfolk Southern

F. Responsible Party for Continuous Maintenance of Project: Port of Richmond Commission

G. Project Information:

1) Description of Project:

The Port of Richmond is requesting $315,000 from the Commonwealth of Virginia's Rail Enhancement fund for the study, design and engineering as the first phase of the Deepwater Terminal Railroad Freight Improvement Project which will expand the Port of Richmond's rail tracks at the north and south end of the Port's DWT RR;

1) construct a direct connection from the DWT RR at Goode Street in south Richmond to the Norfolk Southern railroad at Rocketts Spur;

2) in the Port terminal, a 1400 foot expansion rail track to accommodate increased rail business and intermodal rail volumes.

This proposed project would extend the DWT RR approximately 7.361 track feet from a turnout at Goode Street, along the eastern side of I-95, to connect with the Rocketts Spur at Brander Street. The construction would be to passenger rail standards with an operating speed of 25 miles per hours and would be available to implement new freight rail service. This would provide a direct rail connection with double stack clearance to the NS main east – west line in Burkeville, Virginia. The DWT RR would propose to acquire the Rockettts Spur from NS to provide for the efficient management of the new rail infrastructure created by this project.

The preliminary cost estimate for the first phase of this project is $450,000, not including acquisition of the Rocketts Spur from NS. The cost for the entire project is $4,652,536.

Background

The Deepwater Terminal Railroad is a four and one-half mile rail freight line connecting to the CSX Transportation (CSXT) main line at Goode Street in South Richmond. It is owned by the City of Richmond, managed by the Port of Richmond Commission, and serviced and maintained by CSXT. In addition to serving the Port of Richmond (Port), the DWT RR serves seven (7) other industrial customers located along Deepwater Terminal Road. The operating speed is 10 miles per hour. There are approximately 2,500 rail car deliveries annually to all the facilities along the DWT RR. NS has a reciprocal switching agreement with CSXT and has to switch their rail cars to CSXT in Petersburg or South Richmond to serve the Port and the other customers along Deepwater Terminal Road.

The Port of Richmond is a domestic and international multi-modal freight and distribution center on the James River, serving customers throughout the mid-Atlantic states. The Port is owned by the City of Richmond and is an operationally self-sufficient, free enterprise agency managed by the Port of Richmond Commission, appointed by Richmond City Council. The Port, which lies at the head of navigation on the James River in Richmond, has an excellent inland geographic location just off Exit 69 of I-95, with convenient access to I-64 and I-85.

The Port receives strong support from local and mid-Atlantic shippers for its container services to northern Europe, the United Kingdom, northeastern Canada, Iceland and the new container-on-barge service from Hampton Roads to Richmond, and for its specialized customer service for handling breakbulk, project cargo, and warehousing and supply chain distribution services.

The Port also serves as an important rail transshipment center providing domestic and international rail unloading and distribution capability for shippers using CSXT and NS rail service in Central Virginia, and as a container freight station for cargoes to and from coastal ports. Many local industries can be served by the Port's freight rail connections to other cities on the eastern seaboard.

2) Project Objective:

The Deepwater Terminal Railroad Freight Improvement Project would provide a direct connection for the Port of Richmond and other rail freight customers along Deepwater Terminal Road to a second, Class I Railroad for new business and potential double-stack intermodal rail service, which is not available today. At present, the Port, its customers, as well as other industries located along Deepwater Terminal Road, are adversely impacted competitively due to limitation to CSXT freight rail services, since NS service is only available through a costly switching arrangement.

When this DWT RR Freight Improvement Project is completed, the DWT RR would consist of approximately 6 miles of track on City of Richmond property, with a direct connection to both CSXT and NS railroads. Along with this improvement in general freight rail service, potential double stack intermodal container rail service would be available via the NS connection to their main east-main rail line in Burkeville, Virginia.

A new DWT RR Operating Agreement could be developed that would provide for joint CSXT and NS operation on this rail line under the management of the Port of Richmond Commission, or a Short Line Operation Agreement could be proposed. Both rail service alternatives would provide for a revenue base to cover maintenance and amortization of the capital costs.

3) Relationship to Other Projects under Development by Applicant or Previously Funded by this Program: None

4) Describe the Public Benefit of Project. Identify significant types of benefits and beneficiaries from this project. (See Attachment A)

The Deepwater Terminal Railroad Freight Improvement Project would benefit the public by providing an essential intermodal container rail service to the industries in the Richmond Tri-Cities region, generating new and increased freight rail car business which would reap economic benefits for the Commonwealth of Virginia.

A preliminary marketing analysis indicates a strong potential for new and increased freight rail car business on the improved DWT RR. The Port of Richmond 2020 Vision Study prepared by Frederic R. Harris, Inc. in 1999 identified potential intermodal rail cargo through interviews and surveys of selected importers, exporters, transportation companies and domestic shippers. The potential waterborne intermodal cargo moving through the Port and the potential highway intermodal cargo from various regional firms and organizations indicate considerable interest in an integrated freight center in the Greater Richmond area. Such a facility would serve domestic shippers, area industries, distribution activities, transportation companies and forwarders, as well as the intermodal requirements of shippers through the Port.

The firms contacted mentioned the following potential cargoes:

- 100 to 150 Trailer Load Equivalents (TLE's) weekly to/from the mid-West
- 50 to 100 TLE's weekly to/from the Far East via West Coast ports
- 30 TLE's weekly to/from Florida; and
- 12 TLE's weekly from other domestic and miscellaneous traffic

The traffic volumes mentioned may not be sufficient to support unit train intermodal service, serving the Greater Richmond area exclusively. Such unit trains volumes are generally in the range of about 250 TLE's on a single route, preferably with sufficient service frequency to meet shipper demand for frequent rapid service. However, the volumes do appear sufficient to provide for blocked train service, joining other intermodal operations.

The economic benefits of such an integrated freight center/intermodal facility with weekly traffic in the range of 100 to 200 Trailer Load Equivalents can be expected to include 80 to 160 jobs, $2.9 to $5.8 million in wages and overall economic activity of $10.7 to $21.4 million.

A recent informal marketing analysis of potential general freight rail car traffic with this new connection indicates approximately 550 – 600 new annual rail car loads added to existing and new businesses along Deepwater Terminal Road. This survey just touched the potential for new steel products, lumber, and paper distribution activity and equates to approximately $1 million gross annual rail revenue.

The Port of Richmond also has a 12-acre undeveloped property site at its south end suitable for future industrial development that could include an integrated warehouse distribution facility, with extended rail track, and outside storage. A preliminary estimate for the potential new freight and intermodal rail cargo associated with this DWT RR Freight Rail Improvement Project could be in the order of 1,000 new rail cars annually, consisting of the 550 - 600 new freight rail cars and 5 – 10 intermodal rail cars per week.

5) Attachment A – Project Data Information Form – Must be completed by Applicant and submitted with this application.

H. Type of Project:

1) __ New Construction __ Rehabilitation __ Study

2) __ Rail Infrastructure __ Rail Facility/Station
__Equipment/Rolling Stock __Signals/Communication Equipment

3) Other - Study, Engineering and Design

I. Application Scope of Work Covers:

__ Entire Project X A Phase of a Multi-Phase Project __ Completion Phase

J. Project Budget Summary:

Study, Engineering and Design – Phase 1	**$ 450,000**
Environmental Evaluation	320,000
Right of Way Acquisition	25,500
Construction	3,039,660
Construction Management	233,536
Lease/Acquisition of Equipment	to be developed
Public Involvement (if applicable)	not applicable
Other Contingency	583,840
Subtotal Project Budget	$ 4,652,536
Total Project Budget	$ 4,652,536

K. Attach detailed budget and schedule information. If the project is for final design, construction or procurement; then plans, specifications and reports to a preliminary engineering level (approximately 30%) should be provided to support the project cost and major features (if applicable). A sample budget and schedule is included in Appendix D.

Detailed Cost Budget and Schedule

Below is an estimate of the project costs. More detailed costs and schedule will be available from the Phase 1 engineering studies.

Study, Engineering and Design (Phase 1)	**$ 450,000**
Schedule	Six (6) months
Environmental Evaluation	320,000
Right of Way Acquisition	25,500
Construction	3,039,660
Construction Management	233,536
Lease/Acquisition of Equipment	to be developed
Public Involvement (if applicable)	not applicable
Other Contingency	583,840
Subtotal Project Budget	$ 4,652,536
Total Project Budget	$ 4,652,536

L. Rail Enhancement Funds Requested in this Application: $315,000 – 70% of the first phase of $450,000 of the $4,652,536 project.

Maximum 70% of Total Project Budget. Do not include any previous allocations or future phases.

M. Local Match Required by Applicant: The Port of Richmond Commission is prepared to meet the local match requirement of 30%.

At least a minimum 30% of Total Project Budget

If Overmatch, Provide Percentage _____

1) Match Breakdown by Source (Including any in-kind match)

a. Provider of Local Match The Port of Richmond Commission has approved the expenditure of $135,000 for this project. We may use in kind resources to fulfill a proportion of the matching funds.

b. Status (confirmed/anticipated) Confirmed

c. Attach justification for value of in-kind match. The Port of Richmond Commission will provide engineering/construction management oversight and coordinate property easement from the City of Richmond.

2) Other Funding Sources Beyond Match Requirement

a. Provider of Overmatch _____

b. Status (confirmed/anticipated) _____

N. Project implementation schedule (based in months). List major milestones of the project, including environmental review and public involvement points if applicable.

The initial phase will be the Study, Engineering and Design for the project (Est. $450,000) with a schedule of milestones to be developed.

O. Statement of how this project promotes or does not preclude dual/multi-access use.

The Deepwater Terminal Railroad Freight Improvement Project promotes dual/multi-access use. The construction would be to passenger rail standards with an operating speed of 25 miles per hour and the design of this rail connection could also be modified to Virginia's Passenger Rail Initiatives to include a Y switch for the turning and servicing of AMTRAK trains from Richmond's Main Street Station in the future.

P. List additional users of rail line, facility, and/or equipment.

In addition to the Port of Richmond, the DWT RR serves seven (7) other industrial customers located along Deepwater Terminal Road.

Q. Identify any possible environmental or other issues/concerns within the scope of this project.

An issue within the scope of this project – the acquisition of the Rocketts Spur from Norfolk Southern has yet to be accomplished.

Required Attachments:

Application is not complete without items 1-5 completed by the Applicant and submitted with the Application.

1. Attachment A - Project Data Information Form (Provided)

2. Attachment B - Application Checklist (Provided)

3. Attachment C - Detailed cost, budget, and schedule. Include preliminary engineering to 30% report, if applicable (Provided)

4. Attachment D - Certification of Match/% of Match/Documentation of Source of Match Including Defined Match Source (Provided)

5. Attachment E - Certification of Additive Investment (Provided)

6. Statement from the Applicant/Owner of the facility that the SWAM participation goals will be achieved by the project. (Provided)

7. Statement from the owner of the facility that acknowledges the Commonwealth will have a public interest in the facilities, materials, equipment and improvements funded or impacted by this project (Provided)

Application and Attachment Certification

To the best of my knowledge all information contained in this application and its attachments is true. The information provided to the Virginia Department of Rail and Public Transportation (DRPT) is subject to full disclosure except where protected by Virginia Code. Any additional documentation related to this application will be provided to DRPT upon request.

Authorized Signature and Title:

M. David McNeel

Date: January 29, 2009

M. David McNeel, Executive Director
Port of Richmond

Rail Enhancement Fund
Project Application
Completed Application Submission Information

One signed original, twelve copies, and an electronic copy in pdf format of the completed application and required documentation must be mailed under applicant cover to:

Director
Virginia Department of Rail and Public Transportation
1313 East Main Street, Suite 300
Richmond, VA 23219

CERTIFICATION OF MATCH

Attachment D

Port of Richmond Commission

The Port of Richmond Commission has applied to the Commonwealth of Virginia for Department of Rail and Public Transportation Rail Enhancement Funds in the amount of $315,000 to assist in funding the project *Deepwater Terminal Railroad Freight Improvement Project.* The percentage of Rail Enhancement Funding requested is 70% of the cost of the first phase of the project.

The total estimated cost for the first phase of the project is $450,000. I hereby certify that the Port of Richmond Commission will provide 30% funding match in the amount of $135,000, which constitutes the remaining balance of the estimated cost of the first phase of the project.

M David McNeel — JAN 10. 2009

Signature — Date

M. David McNeel
Executive Director
Port of Richmond

CERTIFICATION OF ADDITIVE INVESTMENT

Attachment E

Port of Richmond Commission

I hereby certify that the *Deepwater Terminal Railroad Freight Improvement Project* will provide an additive investment, by adding capital improvements to the Commonwealth of Virginia's rail infrastructure, and result in public benefits to the Commonwealth that are greater than the actual amount of public funds invested.

M David McNeel — 2-20-09

Signature — Date

M. David McNeel
Executive Director
Port of Richmond

SWAM Participation Statement
Port of Richmond Commission

The Port of Richmond Commission certifies that the Deepwater Terminal Railroad Freight Improvement Project will comply with the Commonwealth of Virginia's SWAM code.

M. David McNeel — Jan 10, 2009

Signature Date

M. David McNeel
Executive Director
Port of Richmond

CEFRTIFICATION OF PUBLIC INTEREST

Port of Richmond Commission

I hereby certify that the Commonwealth of Virginia will have a public interest in the facilities, materials, equipment and improvements funded or impacted by the Deepwater Terminal Railroad Freight Improvement Project.

M David McNeel — Signature

Feb 17, 2009 — Date

M. David McNeel
Executive Director
Port of Richmnd

Attachment B.5

Port of Richmond Commission

The Port of Richmond Commission will comply with all local, city and state environmental regulations. The Study, Engineering and Design Phase I, of the Deepwater Terminal Railroad Freight Improvement Project, will determine any environmental issues that might delay construction and/or public involvement.

M David McNeel — Signature

JAN 10, 2009 — Date

M. David McNeel
Executive Director

Virginia Department of Rail and Public Transportation
The Smartest Distance Between Two Points

Rail Enhancement Fund
Project Application

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DRPT Tracking #

Attachment A
Project Data Information Form

Date: **January 29, 2009**

Name of Applicant and Project

Port of Richmond Commission
Deepwater Terminal Railroad Freight Improvement Project

General Instructions: Please complete the following forms that apply to the project application.

- For Freight Service projects, complete forms A1, A2 and A5
- For Intercity/Amtrak passenger projects, complete forms A1, A3 and A5
- For Commuter/VRE passenger projects, complete forms A1, A4 and A5
- For projects that involve benefits to both freight and passenger projects, form A1 and forms A2-A4 that apply must be completed. For each completed form A2-A4, a form A5 must be completed for each category for projects resulting in multiple project benefits.

Terms:

Project Cost and Construction Period: Form A1 shall be completed with total project cost by year of expenditure with total DRPT cost identified by year of expenditure. This section must be completed for all project applications.

Demand Characteristics: This category of information relates to the additional demand for rail service (including freight and passenger) due to the project. This additional demand must be over and above baseline conditions that currently exist. The specific data to enter here defines initial demand, steady state demand, and the years until steady state demand is achieved.

Steady State Demand: This term refers to the point at which the project benefits/demand have reached a long-term, sustainable level.

Project Impact on Travel Distance: This category of information includes the distance that would be traveled by vehicle or train. All distances should be limited to miles within Virginia. The distance should relate directly to the project-impacted area.

Demand Characteristics for a 15-year Performance Period: This term refers to the project output by performance year, which will be utilized to determine the public benefits and to determine the performance requirements over the 15-year Performance Period of the Grant Agreement.

Attachment A
Form A1 – Project Cost and Construction Period

First Construction: $450,000
Last Construction: $759,536

Year	Total Project COST	Total DRPT COST
1	450,000	315,000
2	-	-
3	1,721,500	1,205,050
4	1,721,500	1,205,050
5	759,536	531,675
Total	4,652,536	3,256,775

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A2 – Freight Service

	CATEGORY	UNITS	VALUE
Demand Characteristics	Steady state demand – diversion of freight to rail (from trucks)	Carloads/Year	1000
	First year of diversion	Carloads/Year	520
	Number of years until steady state	Number of Years	15

	CATEGORY	UNITS	VALUE
Project Impact on Travel Distance	Rail miles in Virginia (Existing routing before project)	Miles	4.5 miles
	Rail miles in Virginia (routing after project completion)	Miles	6.0 miles
	Number of years until steady state	Years	5 years

	CATEGORY	UNITS	VALUE
Conversions	Railcars per Train	Railcars/Trains	10
	Rail tons per Railcar	Tons/Railcar	80
	Trucks per Railcar	Trucks/Railcar	4

	CATEGORY	UNITS	VALUE
Other	Change in Daily Delay for Freight Trains	Railcars/Trains	0
	Reduction in Number of Rail At-Grade Crossings	Tons/Railcar	0

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A **Not Applicable**

Form A3 – Passenger Service – Intercity/Amtrak

	CATEGORY	UNITS	VALUE
Demand Characteristics	Annual Amtrak Passengers (Existing)	Passengers/Year	N/A
	Steady State Demand – Additional Amtrak Passengers	Passengers/Year	N/A
	First Year Number of Additional Passengers	Passengers/Year	N/A
	Number of Years Until Steady State	Number of Years	N/A

	CATEGORY	UNITS	VALUE
Project Impact on Travel Distance & Time	Amtrak Passenger Trip Length (Existing)	Miles	N/A
	Amtrak Passenger Trip Length (After Project Completion)	Miles	N/A
	Amtrak Travel Time Per Trip (Existing)	Minutes	N/A
	Amtrak Travel Time Per Trip (After Project Completion)	Minutes	N/A

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A Not Applicable
Form A4 – Passenger Service – Commuter/VRE

	CATEGORY	UNITS	VALUE
Demand Characteristics	Annual VRE Passengers (Existing)	Passengers/Year	N/A
	Steady State Demand – Additional VRE Passengers	Passengers/Year	N/A
	First Year Number of Additional Passengers	Passengers/Year	N/A
	Number of Years Until Steady State	Number of Years	N/A

	CATEGORY	UNITS	VALUE
Project Impact on Travel Distance & Time	VRE Passenger Trip Length (Existing)	Miles	N/A
	VRE Passenger Trip Length (After Project Completion)	Miles	N/A
	VRE Travel Time Per Trip (Existing)	Minutes	N/A
	VRE Travel Time Per Trip (After Project Completion)	Minutes	N/A

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A5 – Demand Characteristics for 15-Year Performance Period

Performance Year	Performance Value*
1	2500
2	2600
3	2700
4	2800
5	2850
6	2900
7	2950
8	3000
9	3050
10	3100
14	3200
12	3300
13	3400
14	3450
15	3500
Total	45,300

* For Freight Service Projects – car loads or containers per year
For Inter-City / Amtrak Passenger Projects – passengers per year
For Commuter / VRE Passenger Projects – passengers per year

DRPT
Virginia Department of Rail and Public Transportation
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Rail Enhancement Fund
Project Application Checklist
Attachment B

Internal Use
_____ DRPT Tracking #

Date: January 29, 2009

Name of Applicant and Project:
Port of Richmond Commission
Deepwater Terminal Railroad Freight Improvement Project

Checklist for Application

1. Project is consistent with goals of applicable adopted state, regional and/or local plans.

X Yes ___No

2. Project is an Additive Investment to Virginia.

X Yes ___No

3. Project provides for, or does not preclude, shared or dual access opportunity.

X Yes ___No

4. Applicant has provided documentation and certification of at least a minimum 30% match.

X Yes ___No

5. Applicant has provided an environmental review plan and/or public involvement plan, if applicable, and required budget for this activity as outlined in Appendix D.

X Yes ___ No

6. Application is complete, including signature and specified number of hard copies and an electronic (pdf file) copy; and Applicant has reviewed the Standard Agreement as provided in Appendix C.

X Yes ___No